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**State:** District of Columbia **Filing Company:** Berkshire Hathaway Specialty Insurance Company  
**TOI/Sub-TOI:** 23.0 Fidelity/23.0000 Fidelity  
**Product Name:** Financial Institution Fidelity  
**Project Name/Number:** Financial Institution Fidelity - New Program Filing/BHSIC-FIF-15

## Filing at a Glance

Company: Berkshire Hathaway Specialty Insurance Company  
Product Name: Financial Institution Fidelity  
State: District of Columbia  
TOI: 23.0 Fidelity  
Sub-TOI: 23.0000 Fidelity  
Filing Type: Rate/Rule  
Date Submitted: 09/03/2015  
SERFF Tr Num: REGU-130232465  
SERFF Status: Submitted to State  
State Tr Num:  
State Status:  
Co Tr Num: BHSIC-FIF-15  
  
Effective Date: 09/05/2015  
Requested (New):  
Effective Date: 09/05/2015  
Requested (Renewal):  
Author(s): Jason Graciolett  
Reviewer(s):  
Disposition Date:  
Disposition Status:  
Effective Date (New):  
Effective Date (Renewal):

**State:** District of Columbia **Filing Company:** Berkshire Hathaway Specialty Insurance Company  
**TOI/Sub-TOI:** 23.0 Fidelity/23.0000 Fidelity  
**Product Name:** Financial Institution Fidelity  
**Project Name/Number:** Financial Institution Fidelity - New Program Filing/BHSIC-FIF-15

## General Information

Project Name: Financial Institution Fidelity - New Program Filing Status of Filing in Domicile: Authorized

Project Number: BHSIC-FIF-15

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 09/03/2015

State Status Changed:

Deemer Date:

Created By: Jason Graciolett

Submitted By: Jason Graciolett

Corresponding Filing Tracking Number: REGU-130232463

Filing Description:

Berkshire Hathaway Specialty Insurance Company (BHSIC), a member of the Surety and Fidelity Association of America (SFAA), is submitting rates and rules for its new Financial Institution Fidelity program.

This new program filing introduces the company's proprietary Fidelity and Forgery Financial Institutions - Countrywide Rules and Rating Plan.

The corresponding forms filing has been submitted separately, as required.

Enclosed for your review are the following:

- Fidelity and Forgery Financial Institutions - Countrywide Rules and Rating Plan
- Supporting Documentation

We ask that this filing become effective September 5, 2015.

## Company and Contact

### Filing Contact Information

Jason Graciolett, Analyst jasongraciolett@ircllc.com  
231 W 29th Street 212-571-3989 [Phone]  
Suite 707  
New York, NY 10001

### Filing Company Information

(This filing was made by a third party - insuranceregulatoryconsultantsllc)

Berkshire Hathaway Specialty Insurance Company	CoCode: 22276	State of Domicile: Nebraska
3024 Harney Street	Group Code: 31	Company Type: Stock
Omaha, NE 68131	Group Name: Berkshire Hathaway	State ID Number:
(402) 916-3000 ext. [Phone]	FEIN Number: 63-0202590	

## Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

<b>SERFF Tracking #:</b>	REGU-130232465	<b>State Tracking #:</b>		<b>Company Tracking #:</b>	BHSIC-FIF-15
<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Berkshire Hathaway Specialty Insurance Company		
<b>TOI/Sub-TOI:</b>	23.0 Fidelity/23.0000 Fidelity				
<b>Product Name:</b>	Financial Institution Fidelity				
<b>Project Name/Number:</b>	Financial Institution Fidelity - New Program Filing/BHSIC-FIF-15				

## Rate Information

Rate data does NOT apply to filing.

State:	District of Columbia	Filing Company:	Berkshire Hathaway Specialty Insurance Company
TOI/Sub-TOI:	23.0 Fidelity/23.0000 Fidelity		
Product Name:	Financial Institution Fidelity		
Project Name/Number:	Financial Institution Fidelity - New Program Filing/BHSIC-FIF-15		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Fidelity and Forgery Financial Institutions - Countrywide Rules and Rating Plan	Pages 1-34	New		FI Fidelity Rating Plan (Final) - Corrected v3.pdf

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**GENERAL RULES**

**APPLICATION OF THIS SECTION OF THE MANUAL**

This Section of the manual contains the rules, rating procedures and classifications for the following bonds and policies:

Financial Institution Bond Form 14 for Stockbrokers and Investment Bankers

Financial Institution Bond Form 24 for Commercial Banks, Savings Banks and Savings and Loan Associations

Financial Institution Bond Form 25 for Insurance Companies including Life Insurance Companies

**BOND/POLICY PERIOD**

Bonds/policies written on an aggregate limit basis may only be written for one year or less. Bonds/policies written on a continuous basis, however, may be written on an annual or three year term basis.

**POLICY LENGTH ADJUSTMENT FACTOR**

Policy Length Adjustment Factor is calculated as the difference between policy expiration date and policy effective date divided by 365.25/12, rounded to the nearest integer and divided by 12.

**COINSURANCE**

When a bond/policy is written on a coinsurance basis:

1. Compute the company loss cost for the amount of coverage selected.
2. Multiply the loss cost computed in 1. above by a factor of .80.
3. Multiply the result obtained in 2. above by a factor equal to the insured's coinsurance percentage participation.
4. Subtract the result obtained in 3. above from the loss cost computed in 1. above. The result is the company coinsurance loss cost.

**DEDUCTIBLES**

Under the Computer Crime Rider, deductibles for the mandatory and optional insuring agreements may be written in any amount.

**EXPOSURE UNITS**

All exposure units in this section of the manual are annual exposure units.

**FACTORS OR MULTIPLIERS**

Factors or multipliers are to be applied consecutively and not added together unless otherwise specified.

**INTERPOLATION – BASIC AND OPTIONAL COVERAGES**

For immediate values not shown, use linear interpolation to determine appropriate factor (except where otherwise noted.)

**ROUNDING PROCEDURE**

Round premiums for each separate coverage to the nearest whole dollar (e.g. \$100.50 = \$101.00)

**STATISTICAL CODING**

All premium transactions must be coded in accordance with the Fidelity and Surety Statistical Plan (FULL or MINIMUM Level) if the company files such statistics with The Surety & Fidelity Association of America.

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**FORM 14 RATING PLAN**

**Premium Calculation**

The Form 14 policy premium is calculated as follows:

(A) Fidelity Loss Cost = Employee Base Loss Cost \* Employee Increased Limit Factor \*  
Insuring Agreement Factor for Fidelity and Trading Loss

(B) On Premises Loss Cost = Location Base Loss Cost \* Location Increased Limit Factor \* Insuring Agreement Factor

(C) In Transit Loss cost = Location Base Loss Cost x Location Increased Limit Factor x Insuring Agreement Factor

(D) Forgery or Alteration Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x  
Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(E) Securities Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring  
Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(F) Counterfeit Currency Loss Cost = Location Base Loss Cost x Location Increased Limit Factor x Insuring  
Agreement Factor

(G) Coverage on Partners Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor) \* (Q) \*  
(S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(H) Unauthorized Signature Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x  
Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(I) Claims and Audit Expense Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x  
Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(J) Uncollectible Items or Deposit Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor  
x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(K) Transit Cash Letters Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring  
Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(L) Real Property Mortgages – Defective Signatures Premium = Round [(Employee Base Loss Cost x Employee  
Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(M) Credit/Debit Card Forgery Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x  
Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(N) Computer Crime Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring  
Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(O) FINRA Representative Premium = Round [(FINRA Representative Base Loss Cost x FINRA Representative  
Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(P) Stop Payment Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring  
Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(Q) Risk Factor = Financial Performance Mod x Regulatory Mod x Span of Operations Mod x Audit Type Mod x  
Unusual Locations Mod

(R) Schedule Rating Mod = Internal Controls Mod + Business Stability Mod + Financial System Controls Mod +  
Physical Protection Controls Mod + Unique/Unusual Exposures Mod

(S) Schedule Rating and Expense Factor = 1 + Min(State Max Limit, Max(State Min Limit, (R) + Expense Mod))

**Berkshire Hathaway Specialty Insurance  
FIDELITY AND FORGERY  
FINANCIAL INSTITUTIONS  
FORM 14 – Stockbrokers and Investment Bankers**

(T) Aggregate Limit Discount Factor

(U) Coinsurance Factor

(V) Expansive/Restrictive Endorsement Factor

(W) Policy Length Adjustment Factor

(X) Basic Bond Coverage Premium = Round { [(A)+(B)+(C)+(F)] \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0}

(Y) Final Premium = (X) + (D) + (E) + (G) + (H) + (I) + (J) + (K) + (L) + (M) + (N) + (O) + (P)



**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**EMPLOYEE BASE LOSS COST**

The table below indicates a charge per employee for the indicated bands. Basic limit loss costs apply to insuring agreements listed below.

Number of Employees	Loss Cost per Employee
first 5	\$681.71 (flat loss cost)
next 5	\$136.29
next 10	\$25.55
next 30	\$17.03
next 50	\$11.36
next 50	\$7.57
next 50	\$6.31
next 100	\$4.20
next 200	\$3.51
next 500	\$2.92
next 500	\$1.95
next 1000	\$1.62
next 2500	\$1.35
next 5000	\$0.90
each additional	\$0.60

Basic limit loss costs are applicable to the following insuring agreements and coverages:

A: Fidelity  
D: Forgery or Alteration  
E: Securities  
Unauthorized Signature  
Claims and Audit Expense  
Uncollectible Items of Deposit  
Real Property Mortgages - Defective Signatures  
Credit / Debit Card Forgery  
Stop Payment  
Transit Cash Letters Rider  
Computer Crime Rider  
Coverage on Partners

**EMPLOYEE INCREASED LIMIT FACTOR**

Determine the increased limit and deductible loss cost by applying the calculated factor below to the basic loss cost.

Calculation:

Total limit = limit + deductible

Final Factor = factor (total limit) – factor (deductible)

For limits > \$500M, calculate the ILF based on the following

$ILF(\text{limit}) = \{ILF(\$500M) - ILF(\$200M)\} / \$300M * \{\text{limit} - \$500M\} + ILF(\$500M)$

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**EMPLOYEE INCREASED LIMIT FACTOR (Continued)**

Total Limit or Deductible Amount	Employee Count					
	1 to 50	51 to 100	101 to 150	151 to 200	201 to 300	301 to 500
\$0	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500
\$5,000	-0.1098	-0.1098	-0.1098	-0.1104	-0.1116	-0.1123
\$10,000	-0.0698	-0.0698	-0.0698	-0.0710	-0.0733	-0.0746
\$15,000	-0.0300	-0.0300	-0.0300	-0.0317	-0.0350	-0.0369
\$20,000	0.0094	0.0094	0.0094	0.0074	0.0031	0.0007
\$25,000	0.0487	0.0487	0.0487	0.0463	0.0412	0.0382
\$50,000	0.0919	0.0919	0.0919	0.0884	0.0798	0.0748
\$75,000	0.1315	0.1315	0.1315	0.1272	0.1162	0.1097
\$100,000	0.1685	0.1685	0.1685	0.1637	0.1508	0.1431
\$150,000	0.2373	0.2373	0.2373	0.2315	0.2160	0.2067
\$200,000	0.3006	0.3006	0.3006	0.2941	0.2770	0.2668
\$250,000	0.3599	0.3599	0.3599	0.3528	0.3349	0.3241
\$500,000	0.6268	0.6147	0.6147	0.6071	0.5909	0.5809
\$750,000	0.8360	0.8245	0.8230	0.8181	0.8088	0.8029
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1330	1.1496	1.1538	1.1602	1.1707	1.1775
\$1,500,000	1.2436	1.2793	1.2895	1.3032	1.3248	1.3390
\$1,750,000	1.3373	1.3932	1.4107	1.4321	1.4651	1.4871
\$2,000,000	1.4180	1.4944	1.5198	1.5494	1.5938	1.6236
\$2,250,000	1.4882	1.5851	1.6189	1.6568	1.7124	1.7501
\$2,500,000	1.5500	1.6669	1.7094	1.7557	1.8224	1.8678
\$2,750,000	1.6049	1.7413	1.7926	1.8471	1.9246	1.9777
\$3,000,000	1.6539	1.8092	1.8693	1.9320	2.0201	2.0808
\$3,500,000	1.7381	1.9290	2.0064	2.0852	2.1936	2.2689
\$4,000,000	1.8076	2.0316	2.1258	2.2199	2.3474	2.4367
\$4,500,000	1.8662	2.1205	2.2308	2.3396	2.4850	2.5877
\$5,000,000	1.9162	2.1984	2.3241	2.4468	2.6091	2.7243
\$6,000,000	1.9969	2.3287	2.4829	2.6312	2.8243	2.9628
\$7,000,000	2.0593	2.4336	2.6133	2.7847	3.0051	3.1644
\$10,000,000	2.1825	2.6538	2.8955	3.1234	3.4098	3.6202
\$15,000,000	2.2879	2.8603	3.1728	3.4659	3.8276	4.0973
\$20,000,000	2.3933	3.0667	3.4500	3.8085	4.2453	4.5744
\$25,000,000	2.4986	3.2732	3.7273	4.1510	4.6630	5.0515
\$30,000,000	2.6040	3.4797	4.0046	4.4936	5.0808	5.5285
\$40,000,000	2.8148	3.8926	4.5591	5.1786	5.9162	6.4827
\$50,000,000	3.0255	4.3055	5.1137	5.8637	6.7517	7.4369
\$60,000,000	3.2363	4.7185	5.6682	6.5488	7.5872	8.3911
\$70,000,000	3.4470	5.1314	6.2228	7.2339	8.4226	9.3452
\$80,000,000	3.6578	5.5443	6.7773	7.9190	9.2581	10.2994
\$90,000,000	3.8685	5.9573	7.3319	8.6041	10.0935	11.2536
\$100,000,000	4.0793	6.3702	7.8865	9.2891	10.9290	12.2078
\$125,000,000	4.6062	7.4025	9.2728	11.0018	13.0177	14.5932
\$150,000,000	5.1331	8.4349	10.6592	12.7145	15.1063	16.9786
\$200,000,000	6.1868	10.4995	13.4320	16.1399	19.2837	21.7495
\$500,000,000	12.5094	22.8875	30.0685	36.6924	44.3476	50.3747

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**EMPLOYEE INCREASED LIMIT FACTOR (Continued)**

Total Limit or Deductible Amount	Employee Count				
	501 to 1000	1001 to 1500	1501 to 2500	2501 to 5000	5001 and up
\$0	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500
\$5,000	-0.1130	-0.1135	-0.1138	-0.1141	-0.1143
\$10,000	-0.0760	-0.0769	-0.0776	-0.0781	-0.0785
\$15,000	-0.0389	-0.0403	-0.0413	-0.0421	-0.0426
\$20,000	-0.0019	-0.0037	-0.0051	-0.0060	-0.0068
\$25,000	0.0351	0.0329	0.0312	0.0300	0.0291
\$50,000	0.0694	0.0654	0.0625	0.0603	0.0586
\$75,000	0.1025	0.0972	0.0932	0.0902	0.0880
\$100,000	0.1346	0.1282	0.1234	0.1198	0.1171
\$150,000	0.1962	0.1883	0.1823	0.1778	0.1744
\$200,000	0.2550	0.2461	0.2394	0.2343	0.2304
\$250,000	0.3116	0.3021	0.2949	0.2894	0.2853
\$500,000	0.5693	0.5603	0.5534	0.5482	0.5443
\$750,000	0.7961	0.7909	0.7868	0.7837	0.7814
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1853	1.1914	1.1962	1.1999	1.2026
\$1,500,000	1.3551	1.3678	1.3778	1.3855	1.3912
\$1,750,000	1.5116	1.5312	1.5466	1.5585	1.5674
\$2,000,000	1.6567	1.6832	1.7041	1.7204	1.7325
\$2,250,000	1.7918	1.8252	1.8517	1.8722	1.8875
\$2,500,000	1.9180	1.9582	1.9902	2.0151	2.0336
\$2,750,000	2.0363	2.0833	2.1208	2.1499	2.1716
\$3,000,000	2.1475	2.2012	2.2440	2.2773	2.3021
\$3,500,000	2.3513	2.4179	2.4711	2.5125	2.5434
\$4,000,000	2.5340	2.6128	2.6759	2.7251	2.7618
\$4,500,000	2.6990	2.7894	2.8619	2.9185	2.9606
\$5,000,000	2.8490	2.9504	3.0317	3.0952	3.1426
\$6,000,000	3.1118	3.2334	3.3311	3.4074	3.4642
\$7,000,000	3.3352	3.4748	3.5872	3.6749	3.7400
\$10,000,000	3.8439	4.0276	4.1755	4.2908	4.3760
\$15,000,000	4.3818	4.6162	4.8049	4.9514	5.0584
\$20,000,000	4.9198	5.2048	5.4343	5.6119	5.7409
\$25,000,000	5.4577	5.7935	6.0637	6.2724	6.4234
\$30,000,000	5.9957	6.3821	6.6930	6.9330	7.1058
\$40,000,000	7.0716	7.5594	7.9518	8.2541	8.4708
\$50,000,000	8.1476	8.7367	9.2106	9.5751	9.8357
\$60,000,000	9.2235	9.9140	10.4694	10.8962	11.2006
\$70,000,000	10.2994	11.0913	11.7282	12.2173	12.5656
\$80,000,000	11.3754	12.2686	12.9870	13.5383	13.9305
\$90,000,000	12.4513	13.4459	14.2457	14.8594	15.2954
\$100,000,000	13.5272	14.6232	15.5045	16.1805	16.6604
\$125,000,000	16.2170	17.5664	18.6515	19.4832	20.0727
\$150,000,000	18.9068	20.5097	21.7984	22.7859	23.4851
\$200,000,000	24.2865	26.3962	28.0923	29.3912	30.3097
\$500,000,000	56.5643	61.7150	65.8557	69.0235	71.2578

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**LOCATION LOSS COST**

The table below indicates a charge per exposure for the indicated bands. Basic loss costs apply to insuring agreements listed below.

Number of Locations	Loss Cost per Exposure
first 25	\$252.90
next 25	\$126.45
above 50	\$63.23

Basic limit loss costs apply to the following insuring agreements:

B: On Premises  
C: In Transit  
F: Counterfeit Currency

**LOCATION INCREASED LIMIT FACTOR**

Determine the increased limit and deductible loss cost by applying the calculated factor below to the basic loss cost.

Calculation:

Total limit = limit + deductible

Final Factor = factor (total limit) – factor (deductible)

Total Limit or Deductible Amount	Factor	Total Limit or Deductible Amount	Factor
\$0	-0.1500	\$3,000,000	1.6539
\$5,000	-0.1098	\$3,500,000	1.7381
\$10,000	-0.0698	\$4,000,000	1.8076
\$15,000	-0.0300	\$4,500,000	1.8662
\$20,000	0.0094	\$5,000,000	1.9162
\$25,000	0.0487	\$6,000,000	1.9969
\$50,000	0.0919	\$7,000,000	2.0593
\$75,000	0.1315	\$10,000,000	2.1825
\$100,000	0.1685	\$15,000,000	2.2879
\$150,000	0.2373	\$20,000,000	2.3933
\$200,000	0.3006	\$25,000,000	2.4986
\$250,000	0.3599	\$30,000,000	2.6040
\$500,000	0.6268	\$40,000,000	2.8148
\$750,000	0.8360	\$50,000,000	3.0255
\$1,000,000	1.0000	\$60,000,000	3.2363
\$1,250,000	1.1330	\$70,000,000	3.4470
\$1,500,000	1.2436	\$80,000,000	3.6578
\$1,750,000	1.3373	\$90,000,000	3.8685
\$2,000,000	1.4180	\$100,000,000	4.0793
\$2,250,000	1.4882	\$125,000,000	4.6062
\$2,500,000	1.5500	\$150,000,000	5.1331
\$2,750,000	1.6049	\$200,000,000	6.1868
		\$500,000,000	12.5094

For limits > \$500M, calculate the ILF based on the following

$$\text{ILF}(\text{limit}) = \{\text{ILF}(\$500\text{M}) - \text{ILF}(\$200\text{M})\} / \$300\text{M} * \{\text{limit} - \$500\text{M}\} + \text{ILF}(\$500\text{M})$$

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 14 – Stockbrokers and Investment Bankers**

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA) REPRESENTATIVE LOSS COST**

The table below indicates a charge per registered representative for the indicated band. Basic loss costs apply to insuring agreement listed below.

Number of Registered Representatives	Loss Cost per Registered Representatives
first 10	\$136.29
next 10	\$25.55
next 30	\$17.03
next 50	\$11.36
next 50	\$7.57
next 50	\$6.31
next 100	\$4.20
next 200	\$3.51
next 500	\$2.92
next 500	\$1.95
next 1000	\$1.62
next 2500	\$1.35
next 5000	\$0.90
each additional	\$0.60

Endorsement: FINRA Representative Rider

**FINRA REPRESENTATIVE INCREASED LIMIT FACTOR**

Determine the increased limit and deductible loss cost by applying the calculated factor below to the basic loss cost.

Calculation:

Total limit = limit + deductible

Final Factor = factor (total limit) – factor (deductible)

For limits > \$500M, calculate the ILF based on the following

$ILF(\text{limit}) = \{ILF(\$500M) - ILF(\$200M)\} / \$300M * \{\text{limit} - \$500M\} + ILF(\$500M)$

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**FINRA REPRESENTATIVE INCREASED LIMIT FACTOR (Continued)**

<b>Total Limit or Deductible Amount</b>	<b>Registered Representative Count</b>					
	<b>1 to 50</b>	<b>51 to 100</b>	<b>101 to 150</b>	<b>151 to 200</b>	<b>201 to 300</b>	<b>301 to 500</b>
\$0	--0.1500	--0.1500	--0.1500	--0.1500	--0.1500	--0.1500
\$5,000	-0.1098	-0.1098	-0.1098	-0.1104	-0.1116	-0.1123
\$10,000	-0.0698	-0.0698	-0.0698	--0.0710	-0.0733	-0.0746
\$15,000	--0.0300	--0.0300	--0.0300	-0.0317	-0.0350	-0.0369
\$20,000	0.0094	0.0094	0.0094	0.0074	0.0031	0.0007
\$25,000	0.0487	0.0487	0.0487	0.0463	0.0412	0.0382
\$50,000	0.0919	0.0919	0.0919	0.0884	0.0798	0.0748
\$75,000	0.1315	0.1315	0.1315	0.1272	0.1162	0.1097
\$100,000	0.1685	0.1685	0.1685	0.1637	0.1508	0.1431
\$150,000	0.2373	0.2373	0.2373	0.2315	0.2160	0.2067
\$200,000	0.3006	0.3006	0.3006	0.2941	0.2770	0.2668
\$250,000	0.3599	0.3599	0.3599	0.3528	0.3349	0.3241
\$500,000	0.6268	0.6147	0.6147	0.6071	0.5909	0.5809
\$750,000	0.8360	0.8245	0.8230	0.8181	0.8088	0.8029
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1330	1.1496	1.1538	1.1602	1.1707	1.1775
\$1,500,000	1.2436	1.2793	1.2895	1.3032	1.3248	1.3390
\$1,750,000	1.3373	1.3932	1.4107	1.4321	1.4651	1.4871
\$2,000,000	1.4180	1.4944	1.5198	1.5494	1.5938	1.6236
\$2,250,000	1.4882	1.5851	1.6189	1.6568	1.7124	1.7501
\$2,500,000	1.5500	1.6669	1.7094	1.7557	1.8224	1.8678
\$2,750,000	1.6049	1.7413	1.7926	1.8471	1.9246	1.9777
\$3,000,000	1.6539	1.8092	1.8693	1.9320	2.0201	2.0808
\$3,500,000	1.7381	1.9290	2.0064	2.0852	2.1936	2.2689
\$4,000,000	1.8076	2.0316	2.1258	2.2199	2.3474	2.4367
\$4,500,000	1.8662	2.1205	2.2308	2.3396	2.4850	2.5877
\$5,000,000	1.9162	2.1984	2.3241	2.4468	2.6091	2.7243
\$6,000,000	1.9969	2.3287	2.4829	2.6312	2.8243	2.9628
\$7,000,000	2.0593	2.4336	2.6133	2.7847	3.0051	3.1644
\$10,000,000	2.1825	2.6538	2.8955	3.1234	3.4098	3.6202
\$15,000,000	2.2879	2.8603	3.1728	3.4659	3.8276	4.0973
\$20,000,000	2.3933	3.0667	3.4500	3.8085	4.2453	4.5744
\$25,000,000	2.4986	3.2732	3.7273	4.1510	4.6630	5.0515
\$30,000,000	2.6040	3.4797	4.0046	4.4936	5.0808	5.5285
\$40,000,000	2.8148	3.8926	4.5591	5.1786	5.9162	6.4827
\$50,000,000	3.0255	4.3055	5.1137	5.8637	6.7517	7.4369
\$60,000,000	3.2363	4.7185	5.6682	6.5488	7.5872	8.3911
\$70,000,000	3.4470	5.1314	6.2228	7.2339	8.4226	9.3452
\$80,000,000	3.6578	5.5443	6.7773	7.9190	9.2581	10.2994
\$90,000,000	3.8685	5.9573	7.3319	8.6041	10.0935	11.2536
\$100,000,000	4.0793	6.3702	7.8865	9.2891	10.9290	12.2078
\$125,000,000	4.6062	7.4025	9.2728	11.0018	13.0177	14.5932
\$150,000,000	5.1331	8.4349	10.6592	12.7145	15.1063	16.9786
\$200,000,000	6.1868	10.4995	13.4320	16.1399	19.2837	21.7495
\$500,000,000	12.5094	22.8875	30.0685	36.6924	44.3476	50.3747

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**FINRA REPRESENTATIVE INCREASED LIMIT FACTOR (Continued)**

Total Limit or Deductible Amount	Registered Representative Count				
	501 to 1000	1001 to 1500	1501 to 2500	2501 to 5000	5001 and up
\$0	--0.1500	--0.1500	--0.1500	--0.1500	--0.1500
\$5,000	-0.1130	-0.1135	-0.1138	-0.1141	-0.1143
\$10,000	-0.0760	-0.0769	-0.0776	-0.0781	-0.0785
\$15,000	-0.0389	-0.0403	-0.0413	-0.0421	-0.0426
\$20,000	-0.0019	-0.0037	-0.0051	-0.0060	-0.0068
\$25,000	0.0351	0.0329	0.0312	0.0300	0.0291
\$50,000	0.0694	0.0654	0.0625	0.0603	0.0586
\$75,000	0.1025	0.0972	0.0932	0.0902	0.0880
\$100,000	0.1346	0.1282	0.1234	0.1198	0.1171
\$150,000	0.1962	0.1883	0.1823	0.1778	0.1744
\$200,000	0.2550	0.2461	0.2394	0.2343	0.2304
\$250,000	0.3116	0.3021	0.2949	0.2894	0.2853
\$500,000	0.5693	0.5603	0.5534	0.5482	0.5443
\$750,000	0.7961	0.7909	0.7868	0.7837	0.7814
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1853	1.1914	1.1962	1.1999	1.2026
\$1,500,000	1.3551	1.3678	1.3778	1.3855	1.3912
\$1,750,000	1.5116	1.5312	1.5466	1.5585	1.5674
\$2,000,000	1.6567	1.6832	1.7041	1.7204	1.7325
\$2,250,000	1.7918	1.8252	1.8517	1.8722	1.8875
\$2,500,000	1.9180	1.9582	1.9902	2.0151	2.0336
\$2,750,000	2.0363	2.0833	2.1208	2.1499	2.1716
\$3,000,000	2.1475	2.2012	2.2440	2.2773	2.3021
\$3,500,000	2.3513	2.4179	2.4711	2.5125	2.5434
\$4,000,000	2.5340	2.6128	2.6759	2.7251	2.7618
\$4,500,000	2.6990	2.7894	2.8619	2.9185	2.9606
\$5,000,000	2.8490	2.9504	3.0317	3.0952	3.1426
\$6,000,000	3.1118	3.2334	3.3311	3.4074	3.4642
\$7,000,000	3.3352	3.4748	3.5872	3.6749	3.7400
\$10,000,000	3.8439	4.0276	4.1755	4.2908	4.3760
\$15,000,000	4.3818	4.6162	4.8049	4.9514	5.0584
\$20,000,000	4.9198	5.2048	5.4343	5.6119	5.7409
\$25,000,000	5.4577	5.7935	6.0637	6.2724	6.4234
\$30,000,000	5.9957	6.3821	6.6930	6.9330	7.1058
\$40,000,000	7.0716	7.5594	7.9518	8.2541	8.4708
\$50,000,000	8.1476	8.7367	9.2106	9.5751	9.8357
\$60,000,000	9.2235	9.9140	10.4694	10.8962	11.2006
\$70,000,000	10.2994	11.0913	11.7282	12.2173	12.5656
\$80,000,000	11.3754	12.2686	12.9870	13.5383	13.9305
\$90,000,000	12.4513	13.4459	14.2457	14.8594	15.2954
\$100,000,000	13.5272	14.6232	15.5045	16.1805	16.6604
\$125,000,000	16.2170	17.5664	18.6515	19.4832	20.0727
\$150,000,000	18.9068	20.5097	21.7984	22.7859	23.4851
\$200,000,000	24.2865	26.3962	28.0923	29.3912	30.3097
\$500,000,000	56.5643	61.7150	65.8557	69.0235	71.2578

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**COVERAGE ON PARTNERS**

Substituting partners or members for officers and employees, compute the company loss cost in accordance with insuring agreement A: Fidelity, for the amount of coverage selected. Pro rate the loss cost for less than five. When partners or members are covered along with other employees, such coverage is subject to the same deductible amount applicable to the Basic Bond Coverage. When Form 14 is written to provide coverage on partners or members only, the deductible, if carried, may be written in any amount.

**INSURING AGREEMENT FACTOR**

Apply the appropriate factor below by insuring agreement.

Insuring Agreement	Modification Factor
A: Fidelity	1.0000
B: On Premises	0.9000
C: In Transit	0.0900
D: Forgery or Alteration	0.0300
Endorsement: Unauthorized Signature	0.0015
E: Securities	0.6100
F: Counterfeit Currency	0.0100
Endorsement: Claims and Audit Expense	0.2320
Endorsement: Uncollectible Items or Deposit	0.9280
Transit Cash Letters Rider	0.0790
Endorsement: Real Property Mortgages - Defective Signatures	0.0700
Endorsement: Credit/Debit Card Forgery	0.0100
Endorsement: Computer Systems Fraud	0.0930
Endorsement: Data Processing Service Operations	0.0171
Endorsement: Voice Initiated Transfer Fraud	0.0233
Endorsement: Telefacsimile Transfer Fraud	0.0233
Endorsement: Destruction of Data or Programs by Hackers	0.0062
Endorsement: Destruction of Data or Programs by Virus	0.0062
Endorsement: Voice Computer Systems Fraud	0.0821
Endorsement: FINRA Representative Rider	0.5500
Endorsement: Stop Payment	0.2790



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**RISK MODIFICATION FACTORS**

<b>Category</b>	<b>Modification Factors</b>
<b>Financial Performance</b>	
<u>Above Average</u> Positive capital growth, capital in excess of regulatory requirements, positive net income	0.90
<u>Average</u> Stable capital, capital approaching regulatory minimums, stable net income	1.00
<u>Below Average</u> Declining financial performance and strength	1.20
<b>Regulatory</b>	
<u>Average</u> No regulatory actions against the insured	1.00
<u>Below Average</u> Some regulatory action against the insured	1.00
<u>Significantly Below Average</u> Significant regulatory action against the insured	1.10
<b>Span of Operations</b>	
<u>Above Average</u> Limited to traditional core operations	1.00
<u>Average</u> Traditional core operations with some other financial services	1.00
<u>Below Average</u> Core operations with a significant concentration of other financial services	1.05
<b>Audit Type</b>	
<u>Average</u> A CPA outside audit on at least a review basis with no deficiencies cited	1.00
<u>Below Average</u> A CPA outside audit on at least a review basis with some deficiencies cited	1.05
<u>Significantly Below Average</u> A full CPA outside audit on at least a review basis with material weaknesses cited or a CPA compilation or no outside CPA involvement	1.10
<b>Unusual Locations</b>	
<u>None</u> No exposure to unusual locations	1.00
<u>Minimal</u> Some exposure to unusual locations	1.00
<u>Significant</u> Significant exposure to unusual locations	1.05

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**SCHEDULE RATING PLAN**

An individual risk's exposure may deviate from an average risk. Such differences will be recognized by modifying the final developed loss costs as determined by the following:

Characteristics	Modification	
	Debits	Credits
<b>Internal Controls</b> insured has an internal audit department internal audit department, reports directly to the board or audit committee involvement / oversight by limited partners / owners	25%	25%
<b>Business Stability</b> years in business management track record active management use of formal business plan merger / acquisition activity work force reductions and expansions	25%	25%
<b>Financial System Controls</b> adequacy of general procedures adequacy of fund transfer procedures adequacy of computer system and programming control timeliness of financial reporting	25%	25%
<b>Physical Protection Controls</b> premises physical access / safes and vaults computer security	25%	25%
<b>Unique / Unusual Exposures</b> care, custody, and control of client's property non-employee registered reps lending activities frequency and/or severity of loss activity	25%	25%

**EXPENSE MODIFICATION PLAN**

Apply expense modifier for the account related expense of underwriting and account handling or to reflect higher or lower commissions.

**Eligibility:**

A risk is eligible for the application of the Expense Modification Plan to the extent that such expense characteristics are not already reflected in the base loss costs and that any credit or debit developed under this section does not duplicate modification which has been contemplated in any other rating plan or schedule rating modification applied to the same risk.

The following rules will apply:

1. Document the individual underwriting file to support the application of the expense modifier.
2. Maximum modification in loss costs under this plan shall not exceed +/- 15%
3. The expense modification plan will be considered as part of subjective rating
4. The maximum debit or credit for all subjective rating will be capped to a percentage allowed by state, see State Modification Limits Table.

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**State Modification Limits Table:**

The table below shows the maximum debit or credit for each state, applicable to the sum of schedule rating mod and expense mod.

-15/15	-25/25		-40/+25	-40/+40	-50/+25	-50/+40	-50/+50	NA <sup>1</sup>
NY <sup>2</sup>	AL	MS	MA	AK	VT	GA	ID	HI
	AZ	MO	SC	AR			IL	NE
	CA	NJ	TX	ME			IN	
	CO	ND		MD			KY	
	CT	OH		MN			NM	
	DE	OK		MT			NV	
	DC	OR		NH			NC	
	FL	PA		RI			TN	
	IA	PR		WV			VA	
	KS	SD					WI	
	LA <sup>2</sup>	UT					WY	
	MI	WA						

<sup>1</sup>NA = Schedule Rating and Expense Rating are not available; <sup>2</sup>Characteristics capped at +/-10%.

The sum of the applicable schedule rating credits/debits will be summed and added to 1.00 to calculate the **Schedule and Expense Factor**.

**EXPANSIVE/RESTRICTIVE ENDORSEMENTS FACTOR**

The expansive/Restrictive Endorsements Factor is determined by assigning a rating factor (as described below) which reflects the degree of greater/lesser exposure to the account.

The Expansive/Restrictive Endorsement Factor is applied to each coverage section.

The following table is used to determine the Expansive/Restrictive Endorsements Factor:

<b>Net Impact of Expansive/Restrictive Endorsements on Exposure to Account</b>	<b>Factor</b>
Net Impact of Endorsements Generates Materially Less Exposure	0.75 – 0.90
Net Impact of Endorsements Generates Somewhat Less Exposure	0.90 – 1.00
Net Impact of Endorsements is Nil/ No Endorsements	1.00
Net Impact of Endorsements Generates Somewhat Greater Exposure	1.00 – 1.25
Net Impact of Endorsements Generates Materially Greater Exposure	1.25 – 1.50

**AGGREGATE LIMIT DISCOUNT**

The aggregate limit discount is determined by the multiple of aggregate limit to the A Limit. The aggregate limit must be at least as large as the highest limit to which the aggregate limit applies. Apply the same discount to all the purchased insuring agreements.

Multiple Limit Amount	Modification Factor
one times	0.98
two times	0.99
three times or more	1.00

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**FORM 24 RATING PLAN**

**Premium Calculation**

The Form 24 policy premium is calculated as follows:

(A) Fidelity Loss Cost = Employee Base Loss Cost \* Employee Increased Limit \* Insuring Agreement Factor for Fidelity and Trading Loss

(B) On Premises Loss Cost = Location Base Loss Cost \* Location Increased Limit Factor \* Insuring Agreement Factor

(C) In Transit Loss cost = Location Base Loss Cost x Location Increased Limit Factor x Insuring Agreement Factor

(D) Forgery or Alteration Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(E) Securities Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(E.1) Loan Participation Premium = (Loan Participation Mod Factor – 1) \* (E)

(F) Counterfeit Currency Loss Cost = Location Base Loss Cost x Location Increased Limit Factor x Insuring Agreement Factor

(G) Fraudulent Real Property Mortgages Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(H) Claims Expense Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(I) Servicing Contractors Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(J) Unattended ATM Coverage Premium = Round [(Location Base Loss Cost x Location Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(K) Stop Payment Orders or Wrongful Dishonor of Checks or Drafts Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(L) Unauthorized Signature Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(M) Transit Cash Letters Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(N) Computer Crime Rider Premium = Round {[ (N.1) + (N.2) + (N.3) + (N.4) + (N.5) + (N.6) + (N.7)] \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0}

(N.1) Computer Systems Fraud Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(N.2) Data Processing Organizations Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(N.3) Voice Initiated Transfer Fraud Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(N.4) Telefacsimile Transfer Fraud Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(N.5) Destruction of Data or Programs by Hacker Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

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(N.6) Destruction of Data or Programs by Virus Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(N.7) Voice Computer Systems Fraud Loss Cost = Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor

(O) Safe Depository Lender Liability Premium = Round [(O.1) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(O.1) Safe Depository Lender Liability Loss Cost = Max (Safe Deposit Loss Cost, Minimum Loss Cost) + (Safe Deposit Loss of Customer Property Loss Cost \* Safe Deposit Loss of Customer Property Cash Factor \* Safe Deposit Loss of Customer Property Location Factor)

(P) ERISA Premium = Round [(Employee Base Loss Cost x Employee Increased Limit Factor x Insuring Agreement Factor) \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0]

(Q) Risk Modification Factor = Financial Performance Mod x Regulatory Mod x Span of Operations Mod x Audit Type Mod x Loan Composition Mod x Income Sources Mod x Unusual Locations Mod

(R) Schedule Rating Mod = Internal Controls Mod + Business Stability Mod + Financial System Controls Mod + Physical Protection Controls Mod + Unique/Unusual Exposures Mod

(S) Schedule Rating and Expense Factor = 1 + Min(State Max Limit, Max(State Min Limit, (R) + Expense Mod))

(T) Aggregate Limit Discount Factor

(U) Coinsurance Factor

(V) Expansive/Restrictive Endorsement Factor

(W) Policy Length Adjustment Factor

(X) Basic Bond Coverage Premium = Round { [(A)+(B)+(C)+(F)] \* (Q) \* (S) \* (T) \* (U) \* (V) \* (W) / (1-15%-Commission%) , 0}

(Y) Final Premium = (X) + (D) + (E.1) + (G) + (H) + (I) + (J) + (K) + (L) + (M) + (N) + (O) + (P)

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**EMPLOYEE BASE LOSS COST**

The table below is used to determine the basic limit loss costs by number of employee, where basic limit is at \$1M.

Number of Employees	Loss Cost per Employee
first 10	\$126.45
next 10	\$23.71
next 30	\$15.81
next 50	\$10.54
next 50	\$7.03
next 50	\$5.86
next 100	\$3.90
next 200	\$3.25
next 500	\$2.71
next 500	\$1.81
next 1000	\$1.51
next 2500	\$1.25
next 5000	\$0.84
each additional	\$0.56

Basic limit loss costs are applicable to the following insuring agreements and coverages:

Applies to following insuring agreements:

A: Fidelity  
A: Trading Loss  
D: Forgery or Alteration  
E: Securities  
ERISA  
Fraudulent Real Property Mortgages  
Claims Expense  
Servicing Contractors  
Stop Payment Orders or Wrongful Dishonor of Checks or Drafts  
Unauthorized Signature  
Transit Cash Letters Rider  
Computer Crime Rider

**EMPLOYEE INCREASED LIMIT and DEDUCTIBLE FACTORS**

Determine the increased limit and deductible loss costs by applying the calculated factor below to the basic loss costs.

Calculation:

Total limit = limit + deductible

Final Factor = factor (total limit) - factor (deductible)

For limits >500M, calculate the ILF based on the following

$ILF(\text{limit}) = \{ILF(\$500M) - ILF(\$200M)\} / \$300M * \{\text{limit} - \$500M\} + ILF(\$500M)$

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**EMPLOYEE INCREASED LIMIT FACTORS and DEDUCTIBLE FACTORS (Continued)**

Total Limit or Deductible Amount	Employee Count					
	1 to 50	51 to 100	101 to 150	151 to 200	201 to 300	301 to 500
\$0	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500
\$5,000	-0.1098	-0.1098	-0.1098	-0.1104	-0.1116	-0.1123
\$10,000	-0.0698	-0.0698	-0.0698	-0.0710	-0.0733	-0.0746
\$15,000	-0.0300	-0.0300	-0.0300	-0.0317	-0.0350	-0.0369
\$20,000	0.0094	0.0094	0.0094	0.0074	0.0031	0.0007
\$25,000	0.0487	0.0487	0.0487	0.0463	0.0412	0.0382
\$50,000	0.0919	0.0919	0.0919	0.0884	0.0798	0.0748
\$75,000	0.1315	0.1315	0.1315	0.1272	0.1162	0.1097
\$100,000	0.1685	0.1685	0.1685	0.1637	0.1508	0.1431
\$150,000	0.2373	0.2373	0.2373	0.2315	0.2160	0.2067
\$200,000	0.3006	0.3006	0.3006	0.2941	0.2770	0.2668
\$250,000	0.3599	0.3599	0.3599	0.3528	0.3349	0.3241
\$500,000	0.6268	0.6147	0.6147	0.6071	0.5909	0.5809
\$750,000	0.8360	0.8245	0.8230	0.8181	0.8088	0.8029
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1330	1.1496	1.1538	1.1602	1.1707	1.1775
\$1,500,000	1.2436	1.2793	1.2895	1.3032	1.3248	1.3390
\$1,750,000	1.3373	1.3932	1.4107	1.4321	1.4651	1.4871
\$2,000,000	1.4180	1.4944	1.5198	1.5494	1.5938	1.6236
\$2,250,000	1.4882	1.5851	1.6189	1.6568	1.7124	1.7501
\$2,500,000	1.5500	1.6669	1.7094	1.7557	1.8224	1.8678
\$2,750,000	1.6049	1.7413	1.7926	1.8471	1.9246	1.9777
\$3,000,000	1.6539	1.8092	1.8693	1.9320	2.0201	2.0808
\$3,500,000	1.7381	1.9290	2.0064	2.0852	2.1936	2.2689
\$4,000,000	1.8076	2.0316	2.1258	2.2199	2.3474	2.4367
\$4,500,000	1.8662	2.1205	2.2308	2.3396	2.4850	2.5877
\$5,000,000	1.9162	2.1984	2.3241	2.4468	2.6091	2.7243
\$6,000,000	1.9969	2.3287	2.4829	2.6312	2.8243	2.9628
\$7,000,000	2.0593	2.4336	2.6133	2.7847	3.0051	3.1644
\$10,000,000	2.1825	2.6538	2.8955	3.1234	3.4098	3.6202
\$15,000,000	2.2879	2.8603	3.1728	3.4659	3.8276	4.0973
\$20,000,000	2.3426	2.9771	3.3366	3.6737	4.0856	4.3956
\$25,000,000	2.3753	3.0514	3.4441	3.8127	4.2604	4.5994
\$30,000,000	2.3966	3.1023	3.5195	3.9118	4.3862	4.7469
\$40,000,000	2.4220	3.1664	3.6173	4.0422	4.5537	4.9447
\$50,000,000	2.4361	3.2043	3.6768	4.1231	4.6587	5.0697
\$60,000,000	2.4448	3.2288	3.7162	4.1774	4.7298	5.1547
\$70,000,000	2.4505	3.2455	3.7438	4.2158	4.7805	5.2156
\$80,000,000	2.4545	3.2576	3.7639	4.2442	4.8181	5.2608
\$90,000,000	2.4574	3.2665	3.7791	4.2657	4.8468	5.2955
\$100,000,000	2.4595	3.2734	3.7909	4.2825	4.8693	5.3227
\$125,000,000	2.4629	3.2848	3.8108	4.3114	4.9082	5.3699
\$150,000,000	2.4649	3.2916	3.8230	4.3292	4.9324	5.3993
\$200,000,000	2.4669	3.2990	3.8365	4.3492	4.9597	5.4328
\$500,000,000	2.4690	3.3078	3.8534	4.3749	4.9954	5.4766

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Total Limit or Deductible Amount	Employee Count				
	501 to 1000	1001 to 1500	1501 to 2500	2501 to 5000	5001 and up
\$0	-0.1500	-0.1500	-0.1500	-0.1500	-0.1500
\$5,000	-0.1130	-0.1135	-0.1138	-0.1141	-0.1143
\$10,000	-0.0760	-0.0769	-0.0776	-0.0781	-0.0785
\$15,000	-0.0389	-0.0403	-0.0413	-0.0421	-0.0426
\$20,000	-0.0019	-0.0037	-0.0051	-0.0060	-0.0068
\$25,000	0.0351	0.0329	0.0312	0.0300	0.0291
\$50,000	0.0694	0.0654	0.0625	0.0603	0.0586
\$75,000	0.1025	0.0972	0.0932	0.0902	0.0880
\$100,000	0.1346	0.1282	0.1234	0.1198	0.1171
\$150,000	0.1962	0.1883	0.1823	0.1778	0.1744
\$200,000	0.2550	0.2461	0.2394	0.2343	0.2304
\$250,000	0.3116	0.3021	0.2949	0.2894	0.2853
\$500,000	0.5693	0.5603	0.5534	0.5482	0.5443
\$750,000	0.7961	0.7909	0.7868	0.7837	0.7814
<b>\$1,000,000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
\$1,250,000	1.1853	1.1914	1.1962	1.1999	1.2026
\$1,500,000	1.3551	1.3678	1.3778	1.3855	1.3912
\$1,750,000	1.5116	1.5312	1.5466	1.5585	1.5674
\$2,000,000	1.6567	1.6832	1.7041	1.7204	1.7325
\$2,250,000	1.7918	1.8252	1.8517	1.8722	1.8875
\$2,500,000	1.9180	1.9582	1.9902	2.0151	2.0336
\$2,750,000	2.0363	2.0833	2.1208	2.1499	2.1716
\$3,000,000	2.1475	2.2012	2.2440	2.2773	2.3021
\$3,500,000	2.3513	2.4179	2.4711	2.5125	2.5434
\$4,000,000	2.5340	2.6128	2.6759	2.7251	2.7618
\$4,500,000	2.6990	2.7894	2.8619	2.9185	2.9606
\$5,000,000	2.8490	2.9504	3.0317	3.0952	3.1426
\$6,000,000	3.1118	3.2334	3.3311	3.4074	3.4642
\$7,000,000	3.3352	3.4748	3.5872	3.6749	3.7400
\$10,000,000	3.8439	4.0276	4.1755	4.2908	4.3760
\$15,000,000	4.3818	4.6162	4.8049	4.9514	5.0584
\$20,000,000	4.7210	4.9894	5.2051	5.3719	5.4928
\$25,000,000	4.9541	5.2467	5.4815	5.6624	5.7924
\$30,000,000	5.1235	5.4341	5.6830	5.8740	6.0105
\$40,000,000	5.3515	5.6869	5.9549	6.1594	6.3039
\$50,000,000	5.4962	5.8476	6.1277	6.3405	6.4895
\$60,000,000	5.5949	5.9572	6.2455	6.4637	6.6155
\$70,000,000	5.6657	6.0359	6.3301	6.5520	6.7055
\$80,000,000	5.7184	6.0945	6.3930	6.6175	6.7721
\$90,000,000	5.7588	6.1395	6.4412	6.6677	6.8230
\$100,000,000	5.7906	6.1748	6.4790	6.7069	6.8627
\$125,000,000	5.8456	6.2360	6.5444	6.7747	6.9311
\$150,000,000	5.8801	6.2743	6.5852	6.8168	6.9733
\$200,000,000	5.9192	6.3176	6.6313	6.8641	7.0205
\$500,000,000	5.9704	6.3741	6.6907	6.9243	7.0796



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**LOAN PARTICIPATION**

If Loan Participation is selected, apply the following additional factor to coverage E: Securities.

<b>Modification Factor</b>
1.05

**LOCATION LOSS COST SCHEDULE**

The table below indicates a charge per exposure for the indicated bands. Basic loss cost apply to insuring agreements listed below.

<b>Number of Exposures</b>	<b>Loss Cost per Exposure</b>
first 25	\$252.90
next 25	\$126.45
above 50	\$63.23

Basic limit loss costs are applicable to the following insuring agreements and coverages:

<b>Insuring Agreement</b>	<b>Exposure</b>
B: On Premises	Location
C: In Transit	Location
F: Counterfeit Currency	Location
Unattended ATM Coverage	ATM

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**LOCATION INCREASED LIMIT FACTOR**

Determine the increased limit and deductible loss costs by applying the calculated factor below to the basic loss costs.

Calculation:

Total limit = limit + deductible

Final Factor = factor (total limit) – factor (deductible)

Total Limit or Deductible Amount	Factor	Total Limit or Deductible Amount	Factor
\$0	-0.1500	\$3,000,000	1.6539
\$5,000	-0.1098	\$3,500,000	1.7381
\$10,000	-0.0698	\$4,000,000	1.8076
\$15,000	-0.0300	\$4,500,000	1.8662
\$20,000	0.0094	\$5,000,000	1.9162
\$25,000	0.0487	\$6,000,000	1.9969
\$50,000	0.0919	\$7,000,000	2.0593
\$75,000	0.1315	\$10,000,000	2.1825
\$100,000	0.1685	\$15,000,000	2.2879
\$150,000	0.2373	\$20,000,000	2.3426
\$200,000	0.3006	\$25,000,000	2.3753
\$250,000	0.3599	\$30,000,000	2.3966
\$500,000	0.6268	\$40,000,000	2.4220
\$750,000	0.8360	\$50,000,000	2.4361
\$1,000,000	1.0000	\$60,000,000	2.4448
\$1,250,000	1.1330	\$70,000,000	2.4505
\$1,500,000	1.2436	\$80,000,000	2.4545
\$1,750,000	1.3373	\$90,000,000	2.4574
\$2,000,000	1.4180	\$100,000,000	2.4595
\$2,250,000	1.4882	\$125,000,000	2.4629
\$2,500,000	1.5500	\$150,000,000	2.4649
\$2,750,000	1.6049	\$200,000,000	2.4669
		\$500,000,000	2.4690

For limits greater than \$500M, calculate the ILF based on the following

$$\text{ILF}(\text{limit}) = \{\text{ILF}(\$500\text{M}) - \text{ILF}(\$200\text{M})\} / \$300\text{M} \times \{\text{limit} - \$500\text{M}\} + \text{ILF}(\$500\text{M})$$

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**INSURING AGREEMENT FACTOR**

Apply the appropriate factor below by insuring agreements and coverages.

<b>Insuring Agreements and Coverages</b>	<b>Modification Factor</b>
A: Fidelity	0.9890
A: Trading Loss	0.0750
B: On Premises	0.9000
C: In Transit	0.0900
D: Forgery or Alteration	0.2350
E: Securities	0.2000
F: Counterfeit Currency	0.0100
ERISA	0.0100
Fraudulent Real Property Mortgages	0.0750
Claims Expense	0.2500
Servicing Contractors	1.5000
Unattended ATM Coverage	0.3375
Stop Payment Orders or Wrongful Dishonor of Checks or Drafts	0.3000
Unauthorized Signature	0.0400
Transit Cash Letters	0.0850
Computer Crime Rider: Computer Systems Fraud	0.0556
Computer Crime Rider: Data Processing Organizations	0.0102
Computer Crime Rider: Voice Initiated Transfer Fraud	0.0139
Computer Crime Rider: Telefacsimile Transfer Fraud	0.0139
Computer Crime Rider: Destruction of Data or Programs by Hacker	0.0037
Computer Crime Rider: Destruction of Data or Programs by Virus	0.0037
Computer Crime Rider: Voice Computer Systems Fraud	0.0491

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The following Tables are used to compute Safe Deposit Lender Liability Loss Cost

**SAFE DEPOSIT LENDER RIDER LOSS COST SCHEDULE**

Apply loss cost per safe deposit box.

Loss Cost per Box
0.071936

**SAFE DEPOSIT LENDER LIABILITY MINIMUM LOSS COST**

Apply appropriate loss cost below.

Limit	Minimum Loss Cost
\$25,000 or less	\$11.24
\$50,000	\$16.86
\$75,000	\$22.48
\$100,000	\$28.10
\$200,000	\$39.34
\$250,000	\$44.96
\$300,000	\$50.58
\$400,000	\$61.82
\$500,000	\$73.06

For Limits > 500K, minimum loss cost increases by \$11.24 for each \$100K of limit.

**SAFE DEPOSIT LOSS OF CUSTOMER PROPERTY LOSS COST SCHEDULE**

Apply loss cost per million as shown below.

Loss Cost per Million
\$168.26

**SAFE DEPOSIT LOSS OF CUSTOMER PROPERTY CASH FACTOR TABLE**

Apply applicable factor below.

Cash Included	Modification Factor
TRUE	2.00
FALSE	1.00

**SAFE DEPOSIT LOSS OF CUSTOMER PROPERTY LOCATION FACTOR**

Apply the appropriate factor below.

Total Locations with Safe Deposit Boxes	Modification Factor
1 to 2	1.00
3 to 6	1.50
7 to 11	1.65
12 to 16	1.80
17 to 20	1.95
greater than 20	2.00

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**RISK MODIFICATION FACTORS**

<b>Category</b>	<b>Modification Factors</b>
<b>Financial Performance</b> <u>Above Average</u> above industry average ROE, ROA, non performing loan ratio, tier one capital ratio, loan loss allowance to non performing loan ratio  <u>Average</u> at industry average ROE, ROA, non performing loan ratio, tier one capital ratio, loan loss allowance to non performing loan ratio  <u>Below Average</u> declining financial performance and strength	0.90   1.00   1.20
<b>Regulatory</b> <u>Average or Below Average</u> insignificant regulatory actions against the insured  <u>Significantly Below Average</u> significant regulatory action against the insured	1.00  1.10
<b>Span of Operations</b> <u>Average or Above Average</u> banking operations with insignificant concentration of non-banking operations  <u>Below Average</u> banking operations with a significant concentration of non-banking operations	1.00  1.05
<b>Audit type</b> <u>Average</u> a full CPA outside audit/board of directors exam with no deficiencies cited  <u>Below Average</u> a full CPA outside audit/board of directors exam with some deficiencies cited  <u>Significantly Below Average</u> a full CPA outside audit/board of directors exam with material weaknesses cited	1.00  1.05  1.10
<b>Loan Composition</b> <u>Above Average</u> commercial loans are a small percentage of total loans  <u>Average</u> commercial loans are a significant percentage of total loans	0.85  1.00
<b>Income Sources</b> <u>Above Average</u> total income derived from other total noninterest income "services and fees" is only a small portion of an insureds income stream  <u>Average</u> total income derived from other total noninterest income "services and fees" is a major portion of an insureds income stream	0.85  1.00
<b>Unusual Locations</b> <u>None or Minimal</u> some exposure to unusual locations  <u>Significant</u> significant exposure to unusual locations	1.00  1.05

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**SCHEDULE RATING PLAN**

An individual risk's exposure may deviate from an average risk. Such differences will be recognized by modifying the final developed loss cost as determined by the following:

Characteristics	Modification	
	Debits	Credits
<b>Internal Controls</b> insured has an internal audit department internal audit department, reports directly to the board or audit committee regulatory oversight	25%	25%
<b>Business Stability</b> years in business management track record active management use of formal business plan merger / acquisition activity work force reductions and expansions	25%	25%
<b>Financial System Controls</b> adequacy of lending procedures adequacy of fund transfer procedures adequacy of computer system and programming control timeliness of financial reporting	25%	25%
<b>Physical Protection Controls</b> premises physical access/safes and vaults guards alarms computer security	25%	25%
<b>Unique / Unusual Exposures</b> care, custody, and control of client's property frequency and/or severity of loss activity	25%	25%

**EXPENSE MODIFICATION PLAN**

Apply expense modifier for the account related expense of underwriting and account handling or to reflect higher or lower commissions.

**Eligibility:**

A risk is eligible for the application of the Expense Modification Plan to the extent that such expense characteristics are not already reflected in the base loss costs and that any credit or debit developed under this section does not duplicate modification which has been contemplated in any other rating plan or schedule rating modification applied to the same risk.

The following rules will apply:

1. Document the individual underwriting file to support the application of the expense modifier.
2. Maximum modification in loss costs under this plan shall not exceed +/- 15%
3. The expense modification plan will be considered as part of subjective rating
4. The maximum debit or credit for all subjective rating will be capped to a percentage allowed by state, see State Modification Limits Table.

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**State Modification Limits Table:**

The table below shows the maximum debit or credit for each state, applicable to the sum of schedule rating mod and expense mod.

-15/15	-25/25		-40/+25	-40/+40	-50/+25	-50/+40	-50/+50	NA <sup>1</sup>
NY <sup>2</sup>	AL	MS	MA	AK	VT	GA	ID	HI
	AZ	MO	SC	AR			IL	NE
	CA	NJ	TX	ME			IN	
	CO	ND		MD			KY	
	CT	OH		MN			NM	
	DE	OK		MT			NV	
	DC	OR		NH			NC	
	FL	PA		RI			TN	
	IA	PR		WV			VA	
	KS	SD					WI	
	LA <sup>2</sup>	UT					WY	
	MI	WA						

<sup>1</sup>NA = Schedule Rating and Expense Rating are not available; <sup>2</sup>Characteristics capped at +/-10%.

The sum of the applicable schedule rating credits/debits will be summed and added to 1.00 to calculate the **Schedule and Expense Factor**.

**EXPANSIVE/RESTRICTIVE ENDORSEMENTS FACTOR**

The expansive/Restrictive Endorsements Factor is determined by assigning a rating factor (as described below) which reflects the degree of greater/lesser exposure to the account.

The Expansive/Restrictive Endorsement Factor is applied to each coverage section.

The following table is used to determine the Expansive/Restrictive Endorsements Factor:

<b>Net Impact of Expansive/Restrictive Endorsements on Exposure to Account</b>	<b>Factor</b>
Net Impact of Endorsements Generates Materially Less Exposure	0.75 – 0.90
Net Impact of Endorsements Generates Somewhat Less Exposure	0.90 – 1.00
Net Impact of Endorsements is Nil/ No Endorsements	1.00
Net Impact of Endorsements Generates Somewhat Greater Exposure	1.00 – 1.25
Net Impact of Endorsements Generates Materially Greater Exposure	1.25 – 1.50

**AGGREGATE LIMIT DISCOUNT**

The aggregate limit discount is determined by the multiple of aggregate limit to the highest occurrence limit purchased from all the purchased insuring agreements. The aggregate limit must be at least as large as the highest limit from all insuring agreements purchased. Apply the same discount to all the purchased insuring agreements.

<b>Multiple Limit Amount</b>	<b>Modification Factor</b>
one times	0.98
two times	0.99
three times or more	1.00

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**FORM 25 RATING PLAN**

**BASIC BOND COVERAGE (Insuring Agreements A, B and C)**

1. Use the Basic Fidelity Rate Table below to calculate a base loss cost based on the number of officers and employees of the insured and with the amount of coverage equal to the selected amount of coverage plus any applicable deductibles.

**Basic Fidelity Loss Cost Table**

The loss costs depicted on the following pages are generated by adding the Coverage Charge (Part A) to the product of the Employee Charge (Part B) and the Employee Charge Multiplier (Part C), ie.  $A + (B \times C)$

Part A		Part B		Part C	
Amount of Coverage	Coverage Charge	Number of Employees	Employee Charge	Amount of Coverage	Employee Charge Multiplier
\$1,000	\$51.10	0	\$0.00	\$1,000	0.250
\$2,500	\$56.58	50	\$803.00	\$2,500	0.400
\$5,000	\$65.70	100	\$1,350.50	\$5,000	0.500
\$10,000	\$83.95	150	\$1,788.50	\$10,000	0.700
\$25,000	\$127.75	200	\$2,117.00	\$25,000	1.000
\$50,000	\$182.50	300	\$2,555.00	\$50,000	1.300
\$75,000	\$237.25	500	\$2,993.00	\$75,000	1.500
\$100,000	\$273.75	1,000	\$3,814.25	\$100,000	1.600
\$150,000	\$310.25	1,500	\$4,544.25	\$150,000	1.700
\$200,000	\$346.75	2,500	\$5,821.75	\$200,000	1.750
\$250,000	\$383.25	5,000	\$7,646.75	\$250,000	1.800
\$500,000	\$565.75	10,000	\$9,471.75	\$500,000	2.050
\$1,000,000	\$930.75	each over	\$0.29	\$1,000,000	2.400
\$2,000,000	\$1,259.25	10,000		\$2,000,000	2.875
\$2,500,000	\$1,405.25			\$2,500,000	3.100
\$5,000,000	\$2,044.00			\$5,000,000	4.100
\$10,000,000	\$3,139.00			\$10,000,000	5.850
\$25,000,000	\$5,876.50			\$25,000,000	10.350
\$50,000,000	\$9,526.50			\$50,000,000	16.600

For Part A: Each Additional \$1,000,000 of Coverage over \$50,000,000 add 116.80

For Part C: Each Additional \$1,000,000 of Coverage over \$50,000,000 add 0.20

2. If a deductible is selected, calculate a base loss cost based on the number of officers, employees and additional locations of the insured and with the amount of coverage equal to the deductible. Multiply this deductible base loss cost by 0.85 and subtract from the sum of steps 1 and 2.
3. The resulting loss cost is subject to the Loss Cost Modifications Table.



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**FORM 25 - Insurance Companies**

**FORGERY OR ALTERATION (Insuring Agreement D)**

1. Follow steps for calculation of Basic Bond loss cost using the Forgery or Alteration amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**SECURITIES (Insuring Agreement E)**

1. Follow steps for calculation of Basic Bond loss cost using the Securities amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**CLAIMS EXPENSE (Endorsement)**

1. Charge loss cost of \$1.5549 for each \$1,000 of coverage.
2. The resulting loss cost is subject to the Loss Cost Modifications Table.

**AUDIT EXPENSE (Endorsement)**

1. Follow steps for calculation of Basic Bond loss cost using the Audit Expense amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**AGENTS OF LIFE INSURANCE COMPANIES (Endorsement)**

1. Substituting agent for officers and employees, follow steps for calculation of Basic Bond loss cost using the Agents of Life Insurance Companies amount of coverage and deductible and the corresponding Form of Coverage Modification factor. The additional location charge does not apply.

**SERVICING CONTRACTORS / THIRD PARTY ADMINISTRATORS (Endorsement)**

1. Substituting servicing contractors/administrators for officers and employees, follow steps for calculation of Basic Bond loss cost using the Servicing Contractors / Third Party Administrators amount of coverage and deductible and the corresponding Form of Coverage Modification factor. The additional location charge does not apply.

**TRADING LOSS (Endorsement)**

1. Follow steps for calculation of Basic Bond loss cost using the Trading Loss amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**FRAUDULENT REAL PROPERTY MORTGAGES (Endorsement)**

1. Follow steps for calculation of Basic Bond loss cost using the Fraudulent Real Property Mortgages amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**TRANSIT CASH LETTERS (Rider)**

1. Follow steps for calculation of Basic Bond loss cost using the Transit Cash Letters amount of coverage and deductible and the corresponding Form of Coverage Modification factor.

**FORM OF COVERAGE MODIFICATION**

<b>Form of Coverage</b>	<b>Mod</b>
Basic Bond (A, B, C)	0.750
Forgery or Alteration (D)	0.050
Securities (E)	0.430
Endorsement: Audit Expense	0.200
Endorsement : Agents of Life Insurance Companies	1.060
Endorsement : Servicing Contractors / Third Party Administrators	1.330
Endorsement : Trading Loss	0.080
Endorsement : Fraudulent Real Property Mortgages	0.200
Rider: Transit Cash Letters	0.085

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 25 - Insurance Companies**

**COMPUTER CRIME (Rider)**

**1a. Computer Systems and Electronic / Telephonic Transactions**

Follow steps for calculation of Basic Bond loss cost using the Computer Systems amount of coverage and deductible and the following Computer Systems Coverage table.

<b>Computer Systems Coverage</b>	<b>Form 25</b>
Insured's proprietary computer system	0.05
The charge for the insured's proprietary computer system must be increased by adding to the appropriate factor shown above, the appropriate factor(s) shown below:	
When independent software contractor or service bureau authorized by the insured to design, implement or service programs for the insured's computer system:	
For the first independent software contractor	0.07
For each of the next four (above five no additional charge).	0.02
If access to the insured's proprietary computer system (for example by customers, agents, brokers or other outside parties) is permitted.	0.05
For Each additional computer system.	0.05

**1b. Electronic Funds Transfer Coverage**

Follow steps for calculation of Basic Bond loss cost using the Electronic Funds Transfer coverage amount of coverage and deductible. Using the Forgery or Alteration Form of Coverage Modification factor, adjusted by adding the factors provided below for each additional electronic fund system.

<b>Computer System</b>	<b>Factor</b>
N.A.C.H.A.	0.05
Fed Wire	0.17
C.H.I.P.S.	0.13
S.W.I.F.T.	0.13
All Other	0.13

**2. Coverage for Data Processing Organizations**

Follow steps for calculation of Basic Bond loss cost using the Coverage for Data Processing Organizations amount of coverage and deductible and the corresponding Computer Crime Rider Modification factor for each data processing organization being covered.

**3. Voice Initiated Telephonic Funds Transfer**

Follow steps for calculation of Basic Bond loss cost using the Voice Initiated Telephonic Funds Transfer amount of coverage and deductible and the corresponding Computer Crime Rider Modification factor.

**4. Telefacsimile Coverage**

Follow steps for calculation of Basic Bond loss cost using the Telefacsimile Amount of coverage and deductible and the corresponding Computer Crime Rider Modification factor.

**5&6. Restoration Costs of Electronic Computer Instructions**

Follow steps for calculation of Basic Bond loss cost using the Restoration Costs of Electronic Computer instructions amount of coverage and deductible and the corresponding Computer Crime Rider Modification factor.

**7. Voice Computer Systems Fraud**

Follow steps for calculation of Basic Bond loss cost using the Voice Computer Systems Fraud amount of coverage and deductible and the corresponding Computer Crime Rider Modification factor.

Total Computer Crime Rider loss cost is equal to the sum of loss cost for parts 1 through 7.

**Berkshire Hathaway Specialty Insurance  
FIDELITY AND FORGERY  
FINANCIAL INSTITUTIONS  
FORM 25 - Insurance Companies**

**COMPUTER CRIME RIDER MODIFICATION**

<b>Computer Crime Rider</b>	<b>Mod</b>
2. Coverage for Data Processing Organizations	0.04000
3. Voice Initiated Telephonic Funds Transfer	0.25000
4. Telefacsimile Coverage	0.01250
5. & 6. Restoration Costs of Electronic Computer Instructions	0.01875
7. Voice Computer Systems Fraud	0.66000

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 25 - Insurance Companies**

**SCHEDULE RATING PLAN**

An individual risk's exposure may deviate from an average risk. Such differences will be recognized by modifying the final developed loss costs as determined by the following:

Characteristics	Modification	
	Credits	Debits
<b>Audit Procedures</b> Annual CPA Audit CPA Management Letter	15%	15%
<b>Internal Controls</b> Segregation of duties Plan agreement with fiduciary Internal audit department Statement of account activity	15%	15%
<b>Management and Personnel (Qualifications &amp; Procedures)</b> Professional, experienced staff Background checks	15%	15%
<b>Classification Peculiarities</b> Unique or unusual conditions of exposure or hazard	15%	15%
<b>Loss History</b> Number of litigation in the last 5 years Claims payments experience Reserves of 50% of limit or more	15%	15%

State Modification Limits:

The table below shows the maximum available Schedule Rating credit/debits for each state.

-15/15	-25/25		-40/+25	-40/+40	-50/+25	-50/+40	-50/+50	NA <sup>1</sup>
NY <sup>2</sup>	AL	MS	MA	AK	VT	GA	ID	HI
	AZ	MO	SC	AR			IL	NE
	CA	NJ	TX	ME			IN	
	CO	ND		MD			KY	
	CT	OH		MN			NM	
	DE	OK		MT			NV	
	DC	OR		NH			NC	
	FL	PA		RI			TN	
	IA	PR		WV			VA	
	KS	SD					WI	
	LA <sup>2</sup>	UT					WY	
	MI	WA						

<sup>1</sup>NA = Schedule Rating is not available; <sup>2</sup>Characteristics capped at +/-10%.

The sum of the applicable schedule rating credits/debits will be summed and added to 1.00 to calculate the **Schedule Rating Factor**.

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**FORM 25 - Insurance Companies**

**EXPANSIVE/RESTRICTIVE ENDORSEMENTS FACTOR**

The expansive/Restrictive Endorsements Factor is determined by assigning a rating factor (as described below) which reflects the degree of greater/lesser exposure to the account.

The Expansive/Restrictive Endorsement Factor is applied to each coverage section.

The following table is used to determine the Expansive/Restrictive Endorsements Factor:

<b>Net Impact of Expansive/Restrictive Endorsements on Exposure to Account</b>	<b>Factor</b>
Net Impact of Endorsements Generates Materially Less Exposure	0.75 – 0.90
Net Impact of Endorsements Generates Somewhat Less Exposure	0.90 – 1.00
Net Impact of Endorsements is Nil/ No Endorsements	1.00
Net Impact of Endorsements Generates Somewhat Greater Exposure	1.00 – 1.25
Net Impact of Endorsements Generates Materially Greater Exposure	1.25 – 1.50

**AGGREGATE LIMIT OF LIABILITY**

Aggregate limit forms of bonds/policies are written for a period of one year or less. The aggregate limit may be one times or two times the single loss limit of liability applicable to the Basic Bond Coverage. If the aggregate limit of liability is two times the single loss limit, multiply the company loss cost by a factor of 1.026.

**Convert Loss Cost to Premium**

The resulting loss cost from each coverage is converted to premium by multiplying the loss cost by 1/(1-15%-Commission%)

**Berkshire Hathaway Specialty Insurance  
FIDELITY AND FORGERY  
FINANCIAL INSTITUTIONS  
ERISA PLAN BOND FOR INVESTMENT MANAGERS INSURANCE RATING PLAN**

**GENERAL RULES**

**A. Eligibility** - Companies meeting underwriting guidelines.

**B. Rates and Rating** - All rates in this manual are annual rates, unless otherwise noted. All factors are multiplicative, unless otherwise noted.

**C. Minimum Premiums** - A minimum premium of \$100 will apply to all policies.

**D. Premium Calculation** - Pricing is calculated as described in the Rating Rules section of this manual. All modification factors are multiplicative, unless otherwise indicated.

**E. ROUNDING RULE** - Premiums will not be rounded during intermediate steps. The final premium will be rounded to the nearest whole dollar such that:

- i. Any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- ii. Any amount involving \$.49 or less shall be rounded down to the next lowest whole dollar amount.

**Berkshire Hathaway Specialty Insurance**  
**FIDELITY AND FORGERY**  
**FINANCIAL INSTITUTIONS**  
**ERISA PLAN BOND FOR INVESTMENT MANAGERS INSURANCE RATING PLAN**

**RATING RULES**

**A. BASE RATES - \$1.00 per \$1,000 of Limit of Liability**

**B. SCHEDULE RATING**

Other risk modifications may be applied to the rates subject, however, to a maximum credit or debit as set forth in the State Modification Limits table. Basic limit premiums apply in the following states: \$2,500 in NY, \$1,000 in WA, \$1,000 in FL (before and after the modification), and \$6,000 (after modification) in LA. These schedule modifications take into consideration unusual risk characteristics, not otherwise contemplated in the rating, according to the following schedule:

Characteristics of Investment Advisor	Modification Debits / Credits
Classification Peculiarities	-25% to +25%
Management and Personnel	-25% to +25%
Internal Controls	-25% to +25%
Financial Condition	-25% to +25%

State Modification Limits:

The table below shows the maximum available Schedule Rating credit/debits for each state.

-15/15	-25/25		-40/+25	-40/+40	-50/+25	-50/+40	-50/+50	NA <sup>1</sup>
NY <sup>2</sup>	AL	MS	MA	AK	VT	GA	ID	HI
	AZ	MO	SC	AR			IL	NE
	CA	NJ	TX	ME			IN	
	CO	ND		MD			KY	
	CT	OH		MN			NM	
	DE	OK		MT			NV	
	DC	OR		NH			NC	
	FL	PA		RI			TN	
	IA	PR		WV			VA	
	KS	SD					WI	
	LA <sup>2</sup>	UT					WY	
	MI	WA						

<sup>1</sup>NA = Schedule Rating is not available; <sup>2</sup>Characteristics capped at +/-10%.

The sum of the applicable schedule rating credits/debits will be summed and added to 1.00 to calculate the **Schedule Rating Factor**.

**C. Order of Calculation for Annual Premiums**

The Annual premium will be calculated as follows:

Annual Premium = Max (Base Rate x Schedule Rating Factor, Minimum Premium)

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Berkshire Hathaway Specialty Insurance Company
<b>TOI/Sub-TOI:</b>	23.0 Fidelity/23.0000 Fidelity		
<b>Product Name:</b>	Financial Institution Fidelity		
<b>Project Name/Number:</b>	Financial Institution Fidelity - New Program Filing/BHSIC-FIF-15		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Consulting Authorization
<b>Comments:</b>	
<b>Attachment(s):</b>	1 - FA Letter - BHSIC.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Certification (P&C)
<b>Bypass Reason:</b>	N/A - This is a new program filing; therefore, there is no rate impact as a result of this filing and no data to provide.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	N/A - This is a new program filing; therefore, there is no rate impact as a result of this filing and no data to provide.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	N/A - This is a new program filing; therefore, there is no rate impact as a result of this filing and no data to provide.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	2 - FI Fidelity Actuarial Memo (Final).pdf
<b>Item Status:</b>	
<b>Status Date:</b>	





Berkshire Hathaway  
Specialty Insurance

**LETTER OF FILING AUTHORIZATION**

This letter will certify that Insurance Regulatory Consultants, LLC ("IRC") has been given authorization to submit filings on behalf of the insurance company listed below ("Company") consistent with the agreements between the parties and their affiliates, both written and oral.

This authorization extends to all correspondence regarding these filings.

Berkshire Hathaway Specialty Insurance Company

Company Name

22276

NAIC Number

**FINANCIAL INSTITUTION FIDELITY**

Project/Subject/Program

Signature

May 18, 2015

Date

John C. Skinner, Esquire

Name

VP – Assistant General Counsel

Title

(617) 936-2929

Telephone Number

John.Skinner@BHSpecialty.com

Email Address

**Berkshire Hathaway Specialty Insurance**  
Financial Institution Fidelity

New Program  
Actuarial Memorandum

With this filing Berkshire Hathaway Specialty Insurance is proposing to introduce a new program, Financial Institution Fidelity which consists of the following:

- Form 14 Stockbrokers and Investment Bankers
- Form 24 Commercial Banks, Savings Banks and Savings and Loan Associations
- Form 25 Insurance Companies including Life Insurance Companies
- ERISA Plan Bond for Investment Managers Insurance Rating Plan

**Form 14 rating plan** is based on Traveler's Financial Institution Bond Standard Form 14 rating plan filed in the state of Florida under filing number: 2013-01-0014. Major differences include:

1. Removal of the following endorsements: PBX, Kidnap and Ransom, Restoration Expenses
2. Computer Crime Rider is added to Form 14 rating plan. There are seven subparts of computer crime coverage. The main coverage is Computer Systems Fraud, the modification factor is taken from Travelers Form 14 rating plan. Due to the lack of modifiers for the rest of the six coverages, computer crime coverage from form 24 is used to derive relativity between the main coverage and the other subparts. The relativity is applied to form 14 main coverage modifier to derive modification for subparts.
3. Added Expansive/Restrictive Endorsement Factor
4. Added Policy Length Adjustment Mod to account for possible partial-year or multi-year policies

**Form 24 rating plan** is based on Traveler's Financial Institution Bond Standard Form 24 rating plan filed in the state of Florida under filing number: 2011-07-0036. Modifications include:

1. Removal of the following endorsements: Kidnap and Ransom, Restoration Expenses
2. Add Combination safe depository using Traveler's Safe Deposit Lender Liability Rate Schedule in Credit Union Bond.
3. Added Expansive/Restrictive Endorsement Factor
4. Added Policy Length Adjustment Mod to account for possible partial-year or multi-year policies

**Form 25 rating plan** is based on St. Paul Travelers' Form 25 rating plan filed in the state of Wisconsin under filing number: 2006-04-0083. Modifications include:

1. Removal of the following endorsements: Extortion – Threats to Persons, Extortion – Threats to Property, Broad Form Extortion, Coverage for Draft-Signers, Extended Discovery Period
2. Added Expansive/Restrictive Endorsement Factor
3. Added Policy Length Adjustment Mod to account for possible partial-year or multi-year policies

**ERISA Plan Bond rating plan** is based on Beazley's ERISA plan bond for investment managers insurance rating plan. Modifications include:

1. Removal of Financial Statements consideration under Schedule Rating, commission adjustment
2. Added Policy Length Adjustment Mod to account for possible partial-year or multi-year policies